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RV BUSINESS

JUNE 16, 1989

Open House Gets Good Reviews

In an informal survey by *RV Business* shortly after the conclusion of the National RV Open House, dealers were giving generally upbeat reviews of the May 13-21 promotional event, along with suggestions for future programs.

According to Bob Strawn, executive vice president of RVDA, a total of 1,205 dealers participated in the Open House Week, the biggest consumer promotion in the RV industry's history. That number was far greater than originally expected for the event, which was coordinated as an industrywide campaign by RVIA, RVDA, state and local associations, and individual dealers.

The nationwide effort was kicked off by a special RVing section published in the May 12 weekend edition of *USA Today*, which included an entry form for a sweepstakes to encourage shoppers to visit participating local dealers, whose names were listed in the ad. Sweepstakes prizes ranged from trips to RV rentals to catalogs and gifts. Dealer participants paid $100 for an RVIA registration packet that included an RV-lifestyle video, an event planner, publicity releases, buttons and a banner.

In RVB's sampling, the majority of participating dealers across the country endorsed the open-house concept, and most said that they had built upon the materials and suggestions provided by RVIA to make an extra push with heavier-than-usual advertising, mailings, fliers and open-house signs. Some dealers also used TV ads based on a special RVIA-

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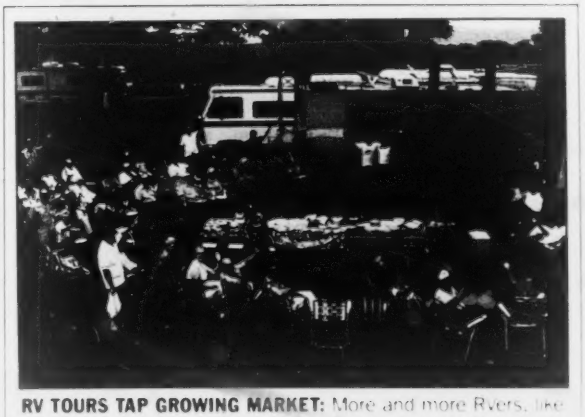

RV TOURS TAP GROWING MARKET: More and more Rvers, like these pictured enjoying a caravan to Puerto Vallarta, Mexico, are turning to private RV tour firms. See story, below.

RV-Tour Firms Report Market Growth, More Exotic Trips

More than six years after the concept was pioneered by Airstream founder Wally Byam, organized RV touring continues to gain popularity. The industry's eight to 10 private RV tour organizers report an almost constant, if gradual, increase in demand for their packaged style of travel.

Business has been brisk, said Harlan Hanson, president of Point South RV Tours Ltd., Canoga Park, Calif., which escorts 400 to 600 rigs a year as a subcontractor for a number of tour companies and owners clubs. "I don't know percentages, but we're very pleased with the bookings."

The menu of services offered by private firms accounts for part of their growth, as destinations become more exotic and itineraries, in many cases, more flexible. But the RV-tour business is not an easy way to make a buck, stress private tour operators. They describe the tour business as a very competitive field requiring painstaking attention to detail, constant staff training, an ability to work around political or natural events, high promotional expenses and, at times, the patience of Job.

Contrary to appearances, driving is only a small part of his company's responsibility, according to Larry Olsen, managing director of Texas to Adventure, El Paso, Texas. The challenge is one of coordination: of keeping people comfortable and bringing them back happy from their vacations, asserted Olsen, who is employing 21 couples to act as tour guides for up to 500 tours, which can cost participants as much as $220 a day.

This is one of the toughest businesses you could possibly get into because we are selling a dream," stated Olsen, whose sales grew 20% last year. "You're vulnerable because of unreliable suppliers and service personnel. And there's no book on this. We're trying to write the book as we go and to do this thing right."

"The travel business is a growth business with us because our universe (membership) is growing. However, I

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RV BUSINESS

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COVER PHOTO: COURTESY OF TRACKS TO ADVENTURE, EL PASO, TEXAS

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As repercussions of Chevrolet Motor Division's 1988 pool-only chassis policy continue to shake out small converters, the major van converters predict strong sales growth, both for themselves and their industry, and chafe against the limits placed by tight chassis supplies.

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IS IT TIME TO HOLD ONTO YOUR (HARD) HAT?

MORTON J. MARCUS

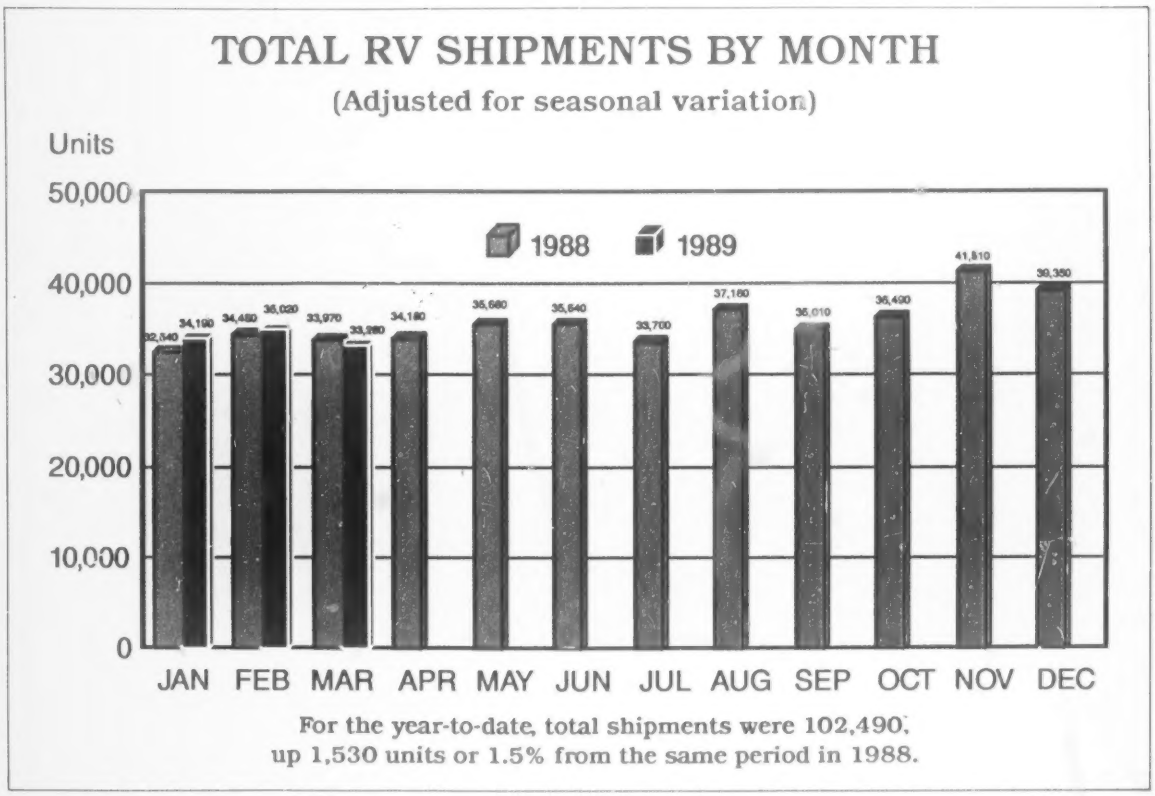


Figure 1

Fact: Total RV shipments in March 1989, after adjustment for normal seasonal variation, totaled 33,280 units. *(See Figure 1.)*

Interpretation 1: After a very strong February, the pace eased in March. Nonetheless, for the first three months of the year, total shipments were *up* more than 1,500 units in a market that many see as extraordinarily uncertain. This was a continuation of the upward trend in quarterly RV shipments seen in year-to-year comparisons. At 102,490 units shipped, this quarter is ahead of the same quarter last year – just as in 1988 and 1987, the first quarter showed improvement from the same period a year earlier.

Interpretation 2: The sky is starting to fall, and this is the first evidence. Compared with March of a year ago, shipments were down more than 2%; compared with February 1989, shipments were down 5%. March 1989 recorded the lowest level of monthly shipments in 14 months.

Although we are not inclined to accept the second interpretation, and we do not believe that much weight can be put on monthly data, there is some reason to secure an umbrella or a good hard hat for protection from possible economic fallout in coming months.

The Evidence in Detail

Every type of towable lost ground in March compared with February. To be sure, fifth-wheels were down by less than 10 units, but they were not up. As a group, towables declined by 4.5% in the month and were down by nearly 2,200 units for the year-to-date. *(See Figure 3.)*

GRAPHICS: CUSTOM COLOR VISUALS

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.44	14.30
Park Models	2.00	1.92
Fifth-wheels	7.74	7.65
Folding Camping Trailers	9.00	10.92
Truck Campers	2.51	2.59
TOTAL TOWABLES	34.69	37.38
Motorhomes:		
Class A	9.59	9.76
Class B Van Campers	1.24	1.26
Class C:		
Minis	5.19	4.99
Low Profiles	0.42	0.54
Micro-minis	0.65	0.63
TOTAL MOTORHOMES	17.08	17.17
Multiuse Van Conversions	48.23	45.46

Percentages may not add to total because of rounding.

Figure 2

To add weight to the argument, it should be noted that towables have fallen each month thus far this year, with folding camping trailers taking the biggest hit. These popular units have declined by 1,800 units (16%) from their quarterly shipment level of a year ago.

Motorhomes showed a slight uptick in March, but it was very slight; the gain was a trivial 30 units, or 0.5%. Motorhomes, as a group, have been stagnant all year, staying at between 5,800 units and 5,900 units per month. For the first three months of 1989, motorhomes gained by just 170 units (1%) on their performance at the same point in 1988. Class A and Class B units, plus the micro-mini Class C units, showed less than a 50-unit change each, and the sum of the change for the three types was a grand zero. Only the 290-unit gain of Class C minis, offset by the 120-unit loss of low-profile units, gave any movement at all to the motorhome market.

With all of this excitement (yawn), we are left with van conversions to add spice to our report. For the first three months of the year, van conversions were providing some interest, with a gain of more than 3,500 units (7%) compared with the same period a year ago. But March was most disappointing even for this RV type. Reported shipments of van conversions normally rise by 7% or 8% in March compared with February levels. Yet this March, before adjustment for seasonal factors, van-conversion shipments were even with those of February. Hence, after seasonal adjustment, shipments were down by 7% and ended up at the same level as in January.

The net result of these slight movements was a shift in market shares. (See *Figure 2.*) Van conversions were up nearly 3 full percentage points to 48% of the market. They had taken most of their gain from towable units.

Given the variety of factors that can cause month-to-month variations, it is too early to declare the industry a hardship case.

A Final Note

It is clear that the first quarter results were weak. Although this quarter was better than the first quarters of 1986, 1987 and 1988, it still represented a decline of nearly 15% from the preceding fourth quarter of 1988. The strength of February, as reported here a month ago, was not carried through by the March data.

Many economic forces are at work in the economy, and they seem to be dampening RV shipments. High-interest rates, uncertainties about gasoline prices, inflationary expectations and auto rebates all work to reduce the marketability of RV units.

However, these first-quarter results suggest that the industry is not in extreme distress. At this point, projected annual RV shipments are still equal to nearly 410,000 units, or within 5% of last year's total. Given the variety of factors that can cause month-to-month variations, it is too early to declare the industry a hardship case. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

For a complete statistical overview of the RV industry, see the *RV Business 33rd Annual RV Industry Directory*, where economist Morton Marcus provides graphics and commentary on 17 years of data to explain industry trends in the areas of market share, annual shipments by RV type, the impact of economic factors, plus more.

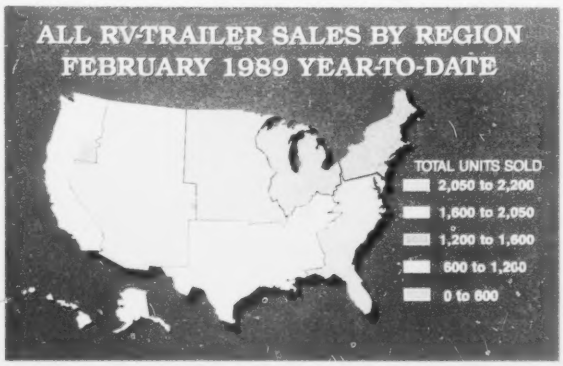
RV SHIPMENTS BY TYPE OF UNIT

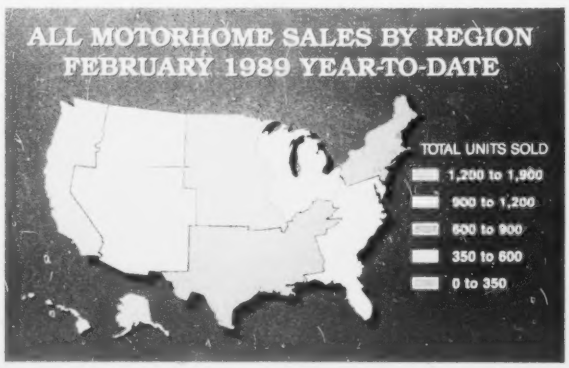
TYPE OF UNITS	MAR 1989	PERCENT CHANGE FROM FEB 1989	YEAR-TO-DATE 1989	1988	PERCENT CHANGE
Total RVs	33,280	-5.0	102,490	100,960	1.5
Travel Trailers:					
Conventional	4,490	-4.6	13,780	14,440	-4.6
Park Models	650	-15.5	2,050	1,930	6.0
Fifth-wheels	2,590	-0.2	7,930	7,730	2.7
Folding Camping Trailers	2,830	-5.1	9,220	11,020	-16.3
Truck Campers	830	-4.8	2,570	2,610	-1.8
Motorhomes:					
Class A	3,200	-3.8	9,820	9,850	-0.3
Class B Van Campers	490	4.8	1,270	1,270	0.1
Class C:					
-Minis	1,770	0.6	5,320	5,030	5.7
-Low Profiles	120	-22.5	430	540	-21.8
-Micro-minis	260	152.2	670	630	5.4
Multiuse Van Conversions	16,070	-7.1	49,430	45,890	7.7

Figure 3

FEBRUARY SALES SET SLOW PACE

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

According to completed February retail registrations, RV sales were not only down compared with February 1988 but also were down for the year-to-date. However, despite the national trend, some regional markets still did very well.

For the year-to-date, the motorhome industry in February was 5% below its sales mark in 1988, reporting 338 fewer units sold than in the first two months of last year. Motorhome sales for the month of February also were 3.8%, or 144 units, behind sales for February 1988.

Figure 1 shows the ranking of regions by the percent change in February motorhome sales compared with the same month a year earlier. In the highest-ranked South Central region, the state of Mississippi experienced the largest percentage gain, while, at the other end of the spectrum, the state of Washington reported the largest decrease in the bottom-ranked Pacific region.

In Figure 2, the same regions are ranked by the percent change in motorhome sales for the first two months of 1989 compared with the same period in 1988. In the leading West North Central region, Kansas reported the biggest positive gain for the year-to-date. The state of Washington again came in with the largest percentage decline in the trailing Pacific region.

Nationwide, the RV-trailer industry was down by 7.3%, or 451 units, this February when compared with the sales figure for the same month last year. Year-to-date numbers put the trailer industry 1.4%, or 177 units, behind its sales total for the first two months of 1988.

Figure 3 outlines the ranking of regions by the percent change in February RV-trailer sales compared with February 1988. The Northeast region was in the lead, and Michigan topped other states in that region with the largest percentage gain. In the lowest-ranked West North Central region, North Dakota experienced the largest percentage decline.

A ranking of regions in terms of percent change in RV-trailer sales for the year-to-date is shown in Figure 4. The Northeast region is again at the head of the list, with Michigan experiencing the largest percentage gain for the year-to-date. At the other end of the scale, the Pacific region trailed other regions in terms of year-to-date sales.

MOTORHOME MARKET

Feb. '89 Rank	Region	% of Change From Feb. '88	Jan. '89 Rank
1	S. Central	20.90	6
2	Northeast	6.40	4
3	S. Atlantic	5.12	7
4	Mountain	-4.76	3
5	W.N. Central	-1.69	2
6	E.N. Central	-3.43	1
7	Pacific	-20.70	5

Figure 1

MOTORHOME MARKET

Feb. '89 Rank	Region	% of Change Year-to-Date	Jan. '89 Rank
1	W.N. Central	8.06	2
2	Mountain	7.77	3
3	E.N. Central	5.37	1
4	S. Central	2.18	6
5	Northeast	1.13	4
6	S. Atlantic	-7.70	7
7	Pacific	-16.60	5

Figure 2

RV-TRAILER MARKET

Feb. '89 Rank	Region	% of Change From Feb. '88	Jan. '89 Rank
1	Northeast	12.97	2
2	S. Atlantic	-4.87	6
3	Mountain	-4.97	5
4	E.N. Central	-8.14	4
5	Pacific	-11.13	7
6	S. Central	-15.90	3
7	W.N. Central	-24.40	1

Figure 3

RV-TRAILER MARKET

Feb. '89 Rank	Region	% of Change Year-to-Date	Jan. '89 Rank
1	Northeast	16.38	2
2	Mountain	10.80	5
3	S. Central	.20	3
4	W.N. Central	-4.20	1
5	E.N. Central	-4.87	4
6	S. Atlantic	-5.08	6
7	Pacific	-10.22	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

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AT RETAIL *continued*

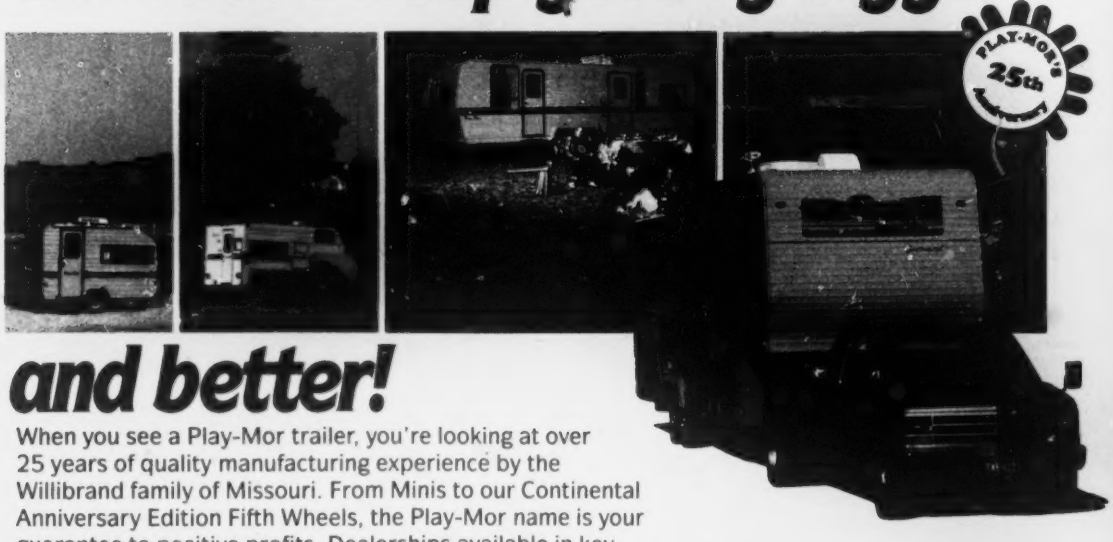
with California reporting the biggest percentage dip.

Clearly, this year's market started a little slower than the industry had expected. The Western regions, in particular, were off last year's pace, and some observers attributed the slow start there to the blast of cold weather received in February. The soft sales in the Western regions had a greater effect on overall results than the sales trends in other regions because the Western regions control 20% of RV-trailer sales and 30% of total motorhome sales. In fact, although overall figures and Western sales tallies lagged, the Northeast continued strong in terms of both motorhome and RV-trailer retail registrations.

In general, a rise in interest rates and poor weather seemed to have kept buyers away from dealers' lots in the early months of the traditional busy season. But we remain optimistic that the industry will experience an extended buying season to offset this year's slow start. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

Our ideas keep getting bigger



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